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Pendleton, Nathaniel
Greene

Remarks... on the several
plans of exchequer

[Washington, D.C.]

[1843?]

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D. C. J. & G. S. Gideon,
[1843?]

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REMARKS

OF

1793-1861

MR. PENDLETON, OF OHIO,

ON THE

SEVERAL PLANS OF EXCHEQUER,

DELIVERED

IN THE HOUSE OF REPRESENTATIVES, JANUARY 27, 1842.

MR. SPEAKER:

Some weeks since, the gentleman from Indiana (Mr. PROFFIT) told the House, that while at Cincinnati, on his way to Washington, he was informed that petitions in favor of the Exchequer, in that city alone, had received five thousand signatures. I presume I have received all these petitions; some in favor of the Executive plan, others in favor of the Congressional plan, though the advocates of the latter are few, very few, in comparison with those of the former. The gentleman who brought these petitions to Washington, informed me that they contained about twelve hundred names. Be that as it may, I recognise among them many of my personal friends of both political parties, whose opinions and wishes are entitled to receive from me the most respectful consideration. Shortly to retire from public life, to renew my association with these petitioners—an association (I trust I may say it without offence) much more agreeable to my taste and habits than anything I have met with here—I could not but be most anxious to bring myself to think with them; to reconcile a vote in accordance with their wishes, to the paramount duty I owe to my country and its constitution. Before I can give this vote, however, I feel I am obliged to remove out of my way the report of the Committee of Ways and Means upon the Treasury Exchequer; for I do not suppose that those of my constituents who have joined in these petitions, expected that I would adopt their suggestions without reflection, or support them against the deliberate and well-matured convictions of my own judgment. The report of the Committee of Ways and Means reviewed the Exchequer schemes, not only as measures of finance, but as sources of executive power and patronage, and set

forth the objections to them in both characters. Should I now vote for these schemes, or either of them, without being able to remove these objections, these petitioners, or many of them at all events, I well know, would scorn the facility of my compliance. I am acting, too, under very different responsibilities from those which rested upon my constituents when they signed these memorials; some, because they approved the plans—some, perhaps, to get rid of importunate solicitation. The objections to which I have referred, I approached with every disposition to remove them; the argument in which they are contained, I examined with every disposition to refute it. I frankly confess I have been able to do neither the one nor the other. Thus baffled, I was willing to attribute my failure, not to the impregnable position of the report, but to the weakness of the assailant. Having since found, however, that both the gentlemen from Massachusetts (Mr. CUSHING and Mr. WINTHROP) have failed in similar attempts, I gained comfort in my own defeat, and confidence in my own conclusion.

The several reports now in the consideration of the House, present three plans of finance and currency:

1. Sub-treasury.
2. The Exchequer proposed by the Select Committee.
3. The Exchequer recommended by the President.

There is a fourth plan, a Bank of the United States, which, to be sure, is not now before the House, but to which it may be proper to allude, as in case of the rejection of these three, it is the only alternative. I say, the only alternative; for although the time was, and that not very long since, when parts of this hall would have resounded with praises of a fifth plan, yet we are told, in the minority report, by the gentlemen from South Carolina and New Hampshire, (Messrs. PICKENS and ATHERTON,) "*No one contends for the State Bank system.*" And is it so, sir? Have we this acknowledgment from that quarter? What, not one, of all its friends—not one? But yesterday, and this league of confederated banks—the pride and refuge of the Democracy—might have stood against the world; now, none so poor to do it reverence. We cannot but recollect that such things were. Let me remind these gentlemen, that a short time since such a declaration would have subjected them, as it subjected us, to the fiercest invectives of their political friends.

The deposits were removed from the Bank of the United States in the summer of 1833, and in his message of that year, (the first of his second term,) General Jackson said: "I am happy to know that, through the good sense of our people, the effort to get up a panic has hitherto failed, and that through the increased *accommodations which the State banks* have been enabled to afford, no public distress has followed the exertions of the bank." In his second annual message of December, 1834, General Jackson remarks: "Happily it is already illustrated that the agency of such an insti-

tution (Bank of the United States) is not necessary to the fiscal operations of the Government; *the State banks* are found fully adequate to the performance of all services which were required of the Bank of the United States, quite as promptly, and with the same cheapness. They have maintained themselves and discharged all their duties while the Bank of the United States was still powerful, and in the field as an open enemy; and it is not possible to conceive that they will find greater difficulties in their operations, when that enemy shall cease to exist." The third message, of December, 1835, contains the following strong language: "By the use of the *State banks*, which do not derive their authority from the General Government, and are not controlled by its authority, it is *ascertained* that the moneys of the United States can be collected and disbursed without loss or inconvenience, and that all the wants of the community, in relation to exchange and currency, are supplied as well as they ever have been before." Of the State banks, General Jackson, in his last message in 1836, after a trial of between three and four years, speaks in the following decisive manner: "Experience continues to realize the expectations entertained as to the *capacity of the State banks* to perform the duties of fiscal agents of the Government, at the time of the removal of the deposits. It was alleged by the advocates of the Bank of the United States that the State banks, whatever might be the regulations of the Treasury Department, could not make the transfers required by the Government, or negotiate the domestic exchanges of the country. *It is now well ascertained* that the real domestic exchanges, performed through discounts by the United States Bank and its twenty-five branches, were at least one-third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by *these institutions* on the broader basis which has been used by the advocates of the United States Bank, in estimating what they consider the domestic exchanges transacted by it, the result will be still more favorable to the deposit banks." After stating the large amounts of public money which had been transferred and paid by the deposit banks, the message adds: "These enormous sums of money first mentioned have been transferred with the greatest promptitude and regularity; and the rates at which the exchanges have been negotiated previously to the passage of the deposit act, were generally below those charged by the Bank of the United States. Independent of these services, which are *far greater* than those rendered by the United States Bank and its twenty-five branches, a number of the deposit banks have, with a commendable zeal to aid in the improvement of the currency, imported from abroad, at their own expense, large sums of the precious metals for coinage and circulation."

You will observe, sir, there is nothing hypothetical in this language. It is not supposed, or conjectured or anticipated. No;

"it is ascertained"—"well ascertained;" after three years' trial, "experience continues to realize" the capacity of the State banks to accomplish all that was expected from them. This same language was used by the whole party, through the columns of their papers, and in both Houses of Congress. Why, then, does no one contend for this vaunted State bank system now? Because it has failed? And did we not tell you it would fail? Did you not call us panic-makers? And did not *you* tell us then, as the gentleman from Massachusetts (Mr. Cushing) tells us now, that the idea of a Bank of the United States was an exploded bank fallacy? This system, at all events, *was* your system; you landed it to the skies; it was not possible it should fail; and when your present equally infallible expedient was first suggested, were we not told by authority, which you seldom ventured to question, "that it was against the genius of our free institutions to lock up in vaults the treasure of the nation?" "No one contends for the State bank system now;" and yet, with this acknowledgment upon your lips of the entire failure of your first infallible plan, you ask us, upon no better authority, to take your second plan. I lack faith, gentlemen. When your Sub-treasury shall be reinstated, if you ever have the power to reinstate it, (which, let me say, depends upon more than your getting a majority in Congress,) and shall have been in operation as long as your State bank system has been, we shall hear from some subsequent committee, claiming infallibility, for a new project—*no one contends for the Sub-treasury now*.

We have recently had on this floor a somewhat curious illustration of modern democracy. The gentleman from New York, (Mr. McKee,) while he praised the liberal use of the veto power by the President, rejected, in the name of his party, the supposed advances of the gentleman from Massachusetts, (Mr. Cushing,) because Mr. Tyler had approved and signed the bill repealing the Sub-treasury law. The people had decreed this repeal, yet the democracy cannot forgive the President for enforcing their decree. They praise him for disappointing the expectations of the people, and only censure him when he complies with them. This Sub-treasury scheme was four times urged by Mr. Van Buren upon Congress, and thrice rejected; nor did it receive their reluctant assent until the 4th of July, 1840. The bill signed on that glorious day, we all recollect, was trumpeted throughout the land as a second declaration of independence; and yet, within four short months, the measure and its author were rejected together by the people of the United States, by overwhelming majorities.

Assuming, then, the Sub-treasury to be lying under this condemnation, let us compare with it the plan of an Exchequer recommended by the Special Committee:

The Sub-treasury provides, simply, a fiscal agent to keep and disburse the public money.

The Exchequer proposes to do the same thing, and substantially

in the same way. In addition to this, the Exchequer provides for a national paper currency.

The gentleman from Massachusetts, (Mr. Cushing,) in his speech the other day, said that a bank of the United States was wished by its advocates, "not from a desire that they might obtain loans, for there was already too much bank capital in the country, and facility enough to obtain loans;" and yet, but the moment before, the gentleman had asserted, that "there existed now no Bank of the United States, and very few specie-paying banks of any sort." The great error of the gentleman's whole argument is this assumption, that "there are facilities enough to make loans." This is not the case, at all events, in Ohio. Our want is capital. We want, through the facilities of well-regulated, specie-paying banks, to be able to develop the great resources of our State—to get our produce to market, and anticipate the results of all our labor. This is our want—our only want. We have a hardy, enterprising, intelligent, industrious population of 1,800,000 souls, spread over a region of unexampled fertility—one frontier resting on the Ohio, the other on the lake, intersected in every direction by large and numerous rivers, and crowned with a temperate and healthy climate. With all these blessings of a beneficent Providence showered upon us in inexhaustible profusion, what more can we want to be prosperous and happy? We want that very thing which, it is the boast of the gentleman, his Exchequer will not and cannot give us—the facility of making temporary loans, to be repaid out of the sales of the produce of our farms and the manufactures of our shops. This facility was afforded us in the olden time by the Bank of the United States, through its branch at Cincinnati. With the proceeds of a discounted note, the merchant purchased of the farmer his pork, flour, and other produce. While the note was running to maturity, these articles which it had purchased were shipped to market; when at maturity, the note was taken up by a bill of exchange for the amount of the sales of these same articles. This bill the bank disposed of to the importing merchant, at $\frac{1}{2}$ and $\frac{3}{4}$ per cent., who was thus enabled to pay his eastern and foreign debts. Under this circulation, originally set in motion by judicious credit, all the channels of business were full, every interest flourished. The merchant, farmer, manufacturer, carrier, bank—all received fair and remunerating prices; all was activity, all was joy. Sir, I have not the heart to turn to the present sad reverse of this happy picture. Although, thank God, we are not quite dead, yet the Spanish epitaph may well apply to us:

"We were well—
We would be better:
We took physic—
Here we lie."

Now, Mr. Speaker, I wish to compare these two measures—the Sub-treasury and the Exchequer—with a view to their several

effects upon the currency. The Sub-treasury provides, that after the 30th day of June, 1843, all payments to the United States shall be made in gold and silver; and the Exchequer provides, that these payments shall be made in—1st, gold and silver coin; 2d, certificates of deposits, public and private; 3d, treasury notes; and 4th, notes of specie-paying banks. Let us see if there be any material difference between the two. The first medium of payment, gold and silver coin, is the same in both. By the 5th section of the bill, it is made lawful for the Exchequer and its agencies, wherever established, to receive on deposit gold and silver coin, and bullion, the property of individuals, not exceeding in amount ten millions of dollars, and to give certificates of such deposit. The Board of Exchequer and its agencies are also authorized and directed, in all cases where the public creditors may prefer the same, to issue to them certificates of deposit for the amount of debts due to them by the United States; the amount of which certificates shall not exceed ten millions of dollars. Power is also conferred upon the proper officers of the mint, and branch mints, to issue like certificates for the amount of all deposits of bullion, &c., for coinage. All these certificates are redeemable, on presentation, at the office, agency, or mint where issued.

Now, sir, notwithstanding all this parade and promise, a very superficial examination will show that this whole scheme is a mere substitution of a paper for a metallic currency, and adds not one cent to the amount of the circulation. Observe, that all these certificates, whether public or private, by whomsoever given, represent gold and silver coin and bullion. So far as they represent the first, they add nothing to the circulation, for the gold and silver coin must first be withdrawn before the certificate can get into circulation; and the coin can only again occupy the channels of circulation, when the certificate is redeemed and withdrawn. To the amount that these certificates represent bullion, they increase the quantity of currency, making bullion in deposit for coinage answer the purpose of coin. These mint certificates, however, let it be recollected, only add to the circulation during the time consumed in the process of coinage; for so soon as the bullion is converted into coin, it would at once enter into the general circulation, but for the outstanding certificate which represents it, and for the redemption of which the coin must remain in deposit at the mint where the certificate is redeemable. I greatly doubt the wisdom of the authority given to your officers to pay the public debts in certificates of deposit, which can only be given when there is in deposit, at the agency where the account is presented, an equal amount of specie belonging to the government. *You have the money lying by you idle*, for which you have no immediate use; and the great merit of this contrivance is, that instead of paying your debt with it at once, you incur all the risk of safe-keeping the money, and give your note in payment of your Treasury warrant.

Why not let the Treasury warrant circulate! There is too much of the economy of the spendthrift in this. It is a part of the clumsy apparatus by which a paper currency is to be substituted for a metallic. Treasury notes are pointed out as a third medium of payment of dues to the United States. There is, however, no provision in this bill for issuing Treasury notes; there will, therefore, be none under its authority to be paid in. Those issued under existing laws are already made receivable at the Treasury by those laws. Notes of specie paying banks are also to be received; but as they are never to be paid out by the government, their circulation is arrested the moment they are paid in. The actual operation of this bill is to diminish the amount of the currency until these notes are presented and redeemed, when the bank may reissue them. In the interval, the coin for their redemption is locked up from circulation in the vaults of the bank, and the notes are locked up in the vaults of the Treasury.

This comparison of the operation of the two systems upon the currency, shows very little to the advantage of the Exchequer over the Sub-treasury. *Neither add any thing to the amount of circulation.* Indeed, this is one of the great merits of his plan, claimed by the gentleman from Massachusetts, both in his report and his speech. In the former, it is put quite as metaphorically as the subject will bear: "For every paper eagle on the wing, you have a gold eagle in hand."

How then is that bill to improve the currency, and remedy existing evils? If individuals make deposits, and the government creditors receive certificates, you will have in circulation twenty millions of government paper in lieu of twenty millions of coin in deposit. But in the contingency that no private deposits be made, and your creditors prefer payment of their debts in specie to taking your note, this plan will have no effect upon the currency, except to withdraw from general circulation gold and silver for government use; and its identity in this respect with the Sub-treasury cannot be questioned.

But suppose the twenty millions of government paper in circulation, I am not disposed, in the slightest degree, to undervalue the advantages and conveniences of such a currency to the Treasury and to commerce; but I doubt exceedingly whether government will find in these advantages a compensation for the hazard of safe-keeping this amount of coin, and the risk of this complex machine not working perfectly and promptly in all its parts and at every point. This most delicate operation of producing and reproducing this vast amount of government money; of having at all times the constituent coin ready for the appearance of its representative paper, is necessarily confided to a great number of agents, ignorance or infidelity in any one of whom mars the whole system, and your Treasury feels the shock in all its departments. The various parts of this complicated machine, although at great dis-

tances from each other, are so geered and coupled together, that a failure any where will disturb, if it do not destroy, the motion of the whole. It is one vast chain drawn over the whole length and breadth of the land, and the severance of any one link, "tenth or ten thousandth, breaks the chain alike." Imagine one of these government certificates, whether for a private deposit or a public debt, presented and protested for non-payment; I care not what may be the cause—ignorance, inadvertence, or inability—universal panic will be the immediate consequence; and as fast as the mails can carry them, all other outstanding certificates, fellows of the dishonored one, having lost their credit, would find their way to the places of redemption. Thus would end your national paper currency.

But, Mr. Speaker, if the government be willing to assume the responsibility to which I have referred, will individuals find their account in making deposits? I can imagine no inducement to do so, except at points where commercial balances accumulate. A certificate, redeemable at the place where these balances are to be adjusted, would certainly be at a premium at the debtor point. Not so in any other case. A certificate, the specie to pay which is deposited in Cincinnati, will pay a debt in New York only at a discount equal to the expense of transporting the specie from Cincinnati to New York.

But, sir, if individuals should be inclined to make these deposits, will the several States permit your agencies to receive them? If not, this vaunted national paper currency, which is to achieve such wonders, is at once reduced one-half, or in the proportion of the ten millions allotted to the prohibiting States.

Since the attempt of certain politicians to control the Bank of the United States, in the person of Jeremiah Mason, this question of the currency has entered into all the arrangements and conflicts of party, and I fear there is no reason to doubt it will continue to do so.

Much is said in this report, and more elsewhere, of the evils inseparable from the expansibility of a paper currency. I do not intend to enter into that question. If it be an evil, this power of the States over your agencies will perpetuate it, and make the expansion and contraction of your national paper currency as certain—almost as regular—as the rising and falling of the tides. When the friends of this National Exchequer have the ascendancy in the State Legislatures, your agencies will be permitted to receive private deposits and give certificates, and your paper currency expands. When power shall have changed hands, and on this very question too, (for it will be a perpetual and prolific source of party strife,) prohibition will be enforced, and your paper currency contracts. It vacillates with the vacillations of party. The currency, which the interests of Government and people alike require shall be stable, and removed as far as possible from the revolutions and vicissitudes from which no human affairs are entirely exempt, is

thus, by the inherent defect of its original formation, by the very law and condition of its existence, fastened to and made to follow the mutations of the most fickle and fluctuating of those affairs, the ever-varying party politics of the day.

Mr. Speaker, passing from this view of the subject, let me call your attention to the 12th section of the bill, which recognises the authority of the States to prohibit by law your agencies receiving private deposits of gold and silver coin, and giving certificates therefor. It is not my intention to follow the gentleman from Kentucky, in his objections drawn from the principles of the Constitution. I shall illustrate my opposition, from principles asserted, and arguments contained in the report, and from other provisions of the bill. The project of an Exchequer recommended by the President, contains a provision similar to this. The remarks, therefore, I feel called upon to make upon this part of the subject, are equally applicable to both.

A principal advantage of the plan insisted upon by the committee, in their report, is, that "it provides and secures a national paper currency." One of the modes indicated of providing this currency, is conferring upon the Exchequer, and its agencies, authority to receive on private deposit gold and silver coin and bullion, the property of individuals. Of course the committee thinks it within the constitutional competency of Congress to adopt this mode—to confer this authority; and that a law for that purpose is in accordance with the Constitution of the United States, and therefore the supreme law of the land, anything in the constitution or laws of any State to the contrary notwithstanding. And yet the committee, in the same breath, by this twelfth section, recommend that we reverse this order of precedence, and make an unconstitutional State law supreme, and a constitutional United States law subordinate.

We are also told, Mr. Speaker, in this report, with some pomp and circumstance, "that in all communities, and in every form in which currency exists, whether as coined money, or as paper representative of it, and whether this be issued by banks, or by public authority directly, the question of the currency of the country, and that of its fiscal affairs, are inseparable facts." The committee has deemed it consistent with this strong affirmation, to recognise, by this twelfth section, the authority of the States to separate finance from currency; and compelling them to tolerate the one, allows them to reject the other. But if they be inseparable facts, it is because they are so blended as not to be capable of severance without injury, if not destruction, to both; because so dependent each upon the other, that they cannot exist in a separate state; and yet this fatal separation you permit, if you do not invite the States to make.

We are further informed in the report, that "the radical difficulty in the whole matter of the currency" is "that of the sovereign

function to make, issue, and regulate money, (or its substitute,) the States possess a part in common with the General Government." The exercise by the States of this sovereign function is by the report, in express terms, yet by the strongest implication, denounced a usurpation. This usurpation the bill proposes to legalize; for, of a paper currency, one of the most important regulations regards its amount or quantity; and of the sovereign function to make this regulation you divest yourself, and, by this twelfth section, to the extent at all events of one-half, you transfer it to the States. This "radical difficulty," then, is only stated by the committee in their report to be confirmed and perpetuated in the bill.

In a similar spirit we are told in the report, that the Federal Government can provide a national paper currency of "adequate quantity;" but by the bill, the State governments, in direct opposition to the Federal Government, are made the ultimate judges, within certain limitations, of this adequate quantity.

The committee quotes with approbation the assertion of Mr. Dallas of the power of the Government to "supply and maintain a paper medium of exchange;" and yet, sir, by their bill, they put in the power of the States to cut off this supply as caprice or passion may dictate.

Mr. Speaker, I care not what set of words is used, I care not how the phrase may run, this twelfth section does in fact confer upon the State Legislatures a negative upon parts of this bill. And in what part of the Constitution do strict constructionists (it is they who insist upon this State rights feature) find authority for this Government to give power to the State Legislatures? If the States have this authority by their own constitutions, or by the Constitution of the United States, your law is superfluous; if they have it not, it is operative. But why give the States a negative upon parts only of this bill? Why not upon the whole of it? Why may they not exclude from your Exchequer *public* as well as *private deposits*? There are no degrees of constitutionality. You assert your power to confer upon the Exchequer authority to receive both, and yet admit that the States have the power to exclude one.

I will not affect ignorance, Mr. Speaker, of the reason which, I presume, will be given for this distinction; that Congress, having authority to lay and collect duties, &c., may provide a place for their deposits. But it will be recollected, that this same power to lay and collect duties is one of the sources indicated in the report from which is deduced the power to provide and secure a national paper currency, the great object of the Exchequer; and surely a place for the execution of this latter power is as necessary as a place for the deposit of the public money.

This section, irreconcilable as it is with the general principles of the Constitution, and in direct opposition to many of the opinions expressed in the report, was inserted in the bill, beyond all doubt, to avoid collision with "the fixed constitutional fact."

Mr. Speaker, in mere matters of expediency I would not be very tenacious of my own opinions; I would be willing to yield much to the wishes, judgments, and honest prejudices, if you please, of others. In subordinate matters, I would be unwilling, by an obstinate adherence to preconceived notions, to hazard the attainment of any great good. But when asked to surrender the authority of the Federal Government to execute its own powers—to give up that part of the Constitution which, more than any other, distinguishes it from the articles of confederation, of which the want of this very authority was the great defect; when called upon to throw this Government back upon a miserable and imbecile dependence upon the State Legislatures; when invoked to make partition of that authority which the people conferred upon us with those to whom they most wisely denied it, I cannot but recollect there are other fixed constitutional facts beside the Executive veto. One of those facts is, that all legislative power under the Constitution is conferred upon Congress; which power each member is sworn to execute in accordance with the Constitution. Part of those legislative powers, those from which are claimed, and properly claimed, for this Government, the authority to provide a national paper currency, are enumerated in the report. This bill, in execution of that power, provides such a currency; this power we are sworn to execute ourselves; that oath is a perpetual interdict to the surrender of that power, no matter at whose bidding—no matter for what purpose.

This bill recognises two kinds of currency—gold and silver coin, and paper. For reasons given in the report—its cheapness and facility of remittance—the paper, it is supposed, will be more desirable, and therefore more valuable, than the coin. If this be true, the convenience which this paper currency is intended to afford the Treasury will be lost. Commercial sagacity will absorb, if not the whole, the greater part of it, in commercial exchanges, and leave the Government to the more cumbrous and expensive coin.

Having thus touched upon some of the objectionable points in the plan of an Exchequer reported by the committee, permit me to call your attention to that recommended by the Secretary of the Treasury. The remarks which I have already made upon the one, are equally applicable to the same provisions of the other. As a mode of attaining the great object proposed by these bills, as a mere measure of finance and currency, the scheme of the Secretary has great advantages over that of the committee. With the latter, it authorizes the Exchequer at the seat of Government, and its agencies in the States, to receive private deposits of gold and silver coin and bullion, and to issue certificates therefor; the amount on deposit at any one time never to exceed fifteen millions of dollars. For the safe-keeping of the specie, and issuing the certificate, a premium not exceeding one-half per cent. may be charged. This charge to the depositor, I think, will exclude from the vaults of the

Exchequer the coin of individuals, so long as the banks continue to do what they always have done—receive such deposits and issue such certificates free of expense. The committee, in their bill, made these certificates of individual deposits receivable at the Treasury in payment of all dues to the United States, while that of the Secretary excludes them. Thus discredited by the Government, they must be at a discount in market; and I leave it to the financiering skill which devised the project, to point out the collateral advantages which led to the belief that individuals would deposit gold and silver, and receive in exchange depreciated paper. These certificates, with this fatal mark of exclusion upon them, are intended as a circulation for the people; thus recognizing and legalizing one of the practical results, and one of the most odious features, of the Sub-treasury—one currency for the Government, and another for the people. Sir, under these circumstances there is no risk in the prediction, that the anticipated deposits will never be made, and all expectations of relief from that quarter will be utterly disappointed.

In addition to this, the Secretary proposes to issue fifteen millions of dollars, in the form of Treasury notes, upon a basis of five millions of specie, with a power reserved to the Secretary of the Treasury to enlarge that basis to ten millions, by creating a Government stock redeemable in twenty years. These Treasury notes being authorized, it was necessary to provide some mode by which they could be put and kept in circulation. For this purpose, the officers of the Exchequer are directed to make payment of all drafts upon them (at the option of the creditor) in gold and silver coin, or Treasury notes; and it is declared lawful for the Board of Exchequer, and each of its agencies, to purchase domestic bills of exchange, under certain regulations. The said board and its agencies are also authorized to draw bills or drafts on each other, and to sell such bills or drafts at a premium not to exceed two per cent. Now, Mr. Speaker, in order to form some probable conjecture how this measure will work, as one of finance and currency, (its political bearings I shall examine hereafter,) let us look at the apparatus intended to produce these great results.

There is established in the Treasury Department, at the seat of the Government, a board, to be called the Exchequer of the United States, to be composed of the Secretary of the Treasury, the Treasurer of the United States, and three commissioners, to be appointed by the President, with the consent of the Senate. The Secretary of the Treasury is authorized to appoint all such inferior officers as, in the judgment of the board, the transaction of its business may require. The Board of Exchequer is also authorized to establish such agencies or offices as it may judge expedient, not exceeding two in any State or Territory; and the Secretary of the Treasury is also authorized, upon the recommendation of the board, to appoint such officers and agents as the said board may determine to

be necessary for the transaction of its business. The board is also authorized to fix the compensation of such officers. The Exchequer and its officers thus organized, are declared to be the general agents of the Government of the United States for receiving, safe-keeping, and disbursing the public moneys, and transferring and transmitting the same. The Exchequer is also authorized to receive private deposits, as we have seen, to the amount of \$15,000,000, to issue Treasury notes to the amount of \$15,000,000, and to purchase domestic bills of exchange, with no other limit than their ability to pay for them.

This, sir, is a concise, but accurate description of the Exchequer. Let us suppose it in full operation. There are, then, the board at Washington, and fifty-eight agencies distributed through the States, having in their custody and control, either on deposit or in circulation, \$42,000,000, for which the Government of the United States is at all times responsible; and this sum does not include the ordinary daily accruing revenue. I would not exaggerate the number of persons necessary to the transaction of all this business. When the estimates shall come in from the Treasury for the payment of their salaries, you will find they will far exceed three hundred. Suppose them to be that number, he must have more faith in the integrity and capacity of revenue officers than I have, who has confidence in a scheme of finance dependant for its success upon finding these qualities, in an eminent degree, in so large a number of men. Sir, we have bills upon our calendar for the release of the sureties of defaulting officers, which may give us some wholesome admonitions upon this subject. It is not a very violent presumption, nor one at which I suppose the administration or its friends will take fire, that these appointments will be made from political considerations. The removal of Jonathan Roberts is a pregnant proof of that. Officers thus appointed, can scarcely be supposed to act from higher motives than those which led to their selection. The fate of Jonathan Roberts will prevent that. Political considerations, then, it may be safely assumed, will not be entirely without their influence in determining the direction of Exchequer facilities, and whose bill of exchange shall be purchased. Securities of this description are not generally considered the most valuable among cautious and considerate men. When to this temptation—to look beyond the mere value of the bill—we add the consideration that these men have no pecuniary interest in the transactions they control, and that they bear no part of the loss, if loss ensue, we can scarcely, I think, avoid the conclusion, that this boasted plan is destined to as signal a failure as its equally boasted predecessors.

But, sir, if this plan be thus full of risk, as a mere matter of dollars and cents, how will you estimate its danger as a political engine? It has been long the policy of the whigs, and it is the true policy of the country, to restrain and circumscribe executive power. The President being the constitutional commander-in-chief of the

army and navy, it has been justly deemed of the last importance to remove, as far as possible, from his control the treasure of the nation. It has grown into a maxim of free government, that the purse and sword should not be entrusted to the same hands. So jealous were the framers of the Constitution of this Union, that they expressly provided that no appropriation of money, to raise and support armies, should be made for a longer time than two years. Look at the immense sums of money which this bill at all times places in the hands of officers dependant upon the President for their appointment, and at every moment subject to his power of removal. Do you expect independent action from men thus situated? You will be disappointed. The control of the officer is the control of the fund; they are his officers, and, with rare exceptions, will do his bidding. We opposed the Sub-treasury, I did, at least, because of this very increase of power which it conferred upon the President. In comparison with this, that fiscal agent was absolutely impotent. The Sub-treasury had no authority to receive private deposits, to issue Treasury notes, or to grant pecuniary favors in shape of bills of exchange, in return for political support. In the course of the ordinary business of the Government, there would seldom have been in the Treasury at one time more than five or six millions of dollars, and that at every moment liable to Treasury drafts. This same amount, and under the same liabilities, will be in deposit in the Exchequer, beside the private deposits and specie basis of the Treasury notes; which being necessarily of a more permanent character, will be less frequently called for, and therefore more exposed to be withdrawn and squandered. The gentleman from Massachusetts, (Mr. CUSHING,) feeling the force of this objection, has attempted to obviate it by saying, "You could have nothing that was to exert a useful activity without power. If you excluded power, you at once excluded action. Did you want useful action, how was it to be had without power? To refuse power, was to enjoin inactivity. In any possible mode of managing the finances of such a nation as this, power was unavoidable; there must be power." Such phrases as these were never wanting to calm the fears, and lull the suspicions, of a jealous people; under cover of them, usurpation has ever made its sure advances. Admitting their truth as general propositions, I beg leave to say they do not meet the case, or remove the objections. That some power is necessary was never denied; that is not the question. Does not this bill confer upon the President more power than is necessary to the accomplishment of its object? That is the true question. If so, then the power is excessive; and all will agree that it is the duty of Congress to refuse it. By the veto the President controls the legislation of Congress; give him the Exchequer, and he will control the money of the people. What other power is wanting to constitute him a despot?

Another gentleman from Massachusetts, (Mr. WINTHROP,) speaking of the report of the Committee of Ways and Means, complains

that they seem unwilling to place any confidence in the honesty of public officers; and to show that such confidence may be safely extended to them, he disregards the numerous instances of recent defalcations in our own country, which had no doubt awakened the suspicions of the committee, and quotes Montesquieu, who says, that fear is the basis of despotic governments, honor of monarchies, and virtue of republics. Does the honorable gentleman understand the great philosopher to refer to the virtue of the people, or their rulers? It is fear in the subject, and not in the King, which is the basis of despotism; and the virtue of the people, not of the rulers, is the basis of republics. The prime virtue of a republican people is an ever wakeful jealousy of the power entrusted to the Government; and especially to place little reliance upon the integrity of Treasury agents, through whose hands the public money passes; and less, if possible, upon the disinterestedness of politicians who direct its expenditure.

The chairman of the special committee (Mr. CUSHING) tells us, he once thought that the Exchequer would not furnish so safe a depository of the public funds as a Bank of the United States; but adds, "with the ruins in our sight of the old United States Bank—with the proof of its whole capital having been squandered—it surely did not become Congress to say that such an institution was the safest place to keep the public treasure." It cannot have escaped your recollection, sir, that at the extra session, in 1841, that gentleman, with the same ruins in his eyes, and that same proof of squandered capital before him, voted for two bills chartering United States Banks, for the avowed purpose of receiving the public deposits. This same idea of the insecurity of a Bank of the United States is found in Mr. Forward's report, who admits, however, that it was always faithful to its engagements, and that the Government sustained no loss. I marvel that neither of these gentlemen adverted to the fact that the ruin they deplore was not of a bank chartered by Congress, but a State bank of Pennsylvania, with a capital of thirty-five millions of dollars, which, within its limited sphere of operations, it could not legitimately use in banking, and therefore ran into the wildest speculations; and that was the cause of its ruin.

This Exchequer, Mr. Speaker, is, in everything but name, a Government Bank. This, to be sure, is denied by its friends, because it is admitted on all hands that such an institution is full of danger to the purity of our Government and the liberties of our people.

That this Exchequer will not furnish the relief anticipated from it, is almost admitted by the secretary in his report, who says: "The Exchequer can lend money to nobody, it can furnish capital to no one to begin, carry on, or uphold his business"—"all real borrowing and lending is excluded, and bills are to be taken on such time only as is necessary for ordinary notice and the usual transmission of intelligence."

For these reasons, I cannot support these plans, or either of them.

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TITLE**